

March 8, 2016

**To: Members of the Banking Committee**

**Fr: Connecticut Bankers Association**

**Contacts: Tom Mongellow, Fritz Conway**

**Re: H.B. No. 5567, AN ACT CONCERNING ALTERNATIVES TO FORECLOSURES.**

**Position: Oppose**

The statutes and programs governing the residential foreclosure process in Connecticut are extremely complex and they require significant capacity and resources for training, compliance, and management from a lender or servicer's perspective. Most states have different versions of their own foreclosure laws, creating a confusing array of law that banks and servicers who do business in more than one state must attempt to navigate. Any minor, clerical or unintentional errors in the process, opens the door for nuisance lawsuits, which many times are used only to delay the foreclosure process.

That foreclosure process takes over 1000 days to complete when judicial mediation is added to the mix, (2015 Judicial Branch data), which puts Connecticut in the top five slowest foreclosure states. During this period of time, many properties are neglected by the owners, leading to increased blight and abandoned properties.

House Bill 5567 *attempts to codify yet another complex foreclosure system* that the banking industry believes will only add to the already dizzying body of foreclosure law in the state.

The foreclosure crisis is finally subsiding in the State, with a twenty-five percent reduction in foreclosures from 2014 thru year end 2015 (Core Logic Year End Report). The number of new foreclosure filings is down to levels not seen since 2006.

The Connecticut judicial foreclosure process governing residential owner occupied properties has gone through almost continuous statutory revisions every year since 2008. Each statutory revision results in major work, time and costs to adopt the new changes, not only within banks and servicers, but the legal community and the Judicial Branch itself.

Now is not the time to engage in another rewrite of the statutes that has to be implemented by the courts and the stakeholders that have to make it work.

We strongly urge the Committee to reject House Bill 5570 and let the existing foreclosure laws in the State work within their current framework.